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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

Federal Communications Commission  
Office of Secretary

In the Matter of:

Specific Questions Related to  
Assessment of Presubscribed  
Interexchange Carrier Charges  
On Public Payphone Lines

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96-262  
File No. CCB/CPD 98-34

COMMENTS OF THE SOUTHERN NEW ENGLAND TELEPHONE COMPANY

The Southern New England Telephone Company (SNET) respectfully submits these Comments to answer Specific Questions Related to Assessment of Presubscribed Interexchange Carrier Charges (PICC's) on Public Payphone Lines.<sup>1</sup>

I. INTRODUCTION

The Federal Communications Commission (Commission) requests comment on issues that relate to the application of PICC. The Commission received letters<sup>2</sup> claiming that 47 C.F.R. §69.153 of the Commission's rules are not clear on the application of a PICC to payphones, or even whether §69.153 should permit the assessment of multiline business PICC's on public payphones. The letters also raised issues concerning the Local Exchange Carrier's (LEC's) assessment of PICC's on the 0+ carrier as well as the 1+ carrier. In their letters, the companies are seeking the Commission's assistance in providing further clarification.

<sup>1</sup> Public Notice released May 4, 1998, established that comments are due on May 26, 1998, and Reply Comments are due to be filed on June 2, 1998. File No. CCB/CPD 98-34 (Public Notice).

<sup>2</sup> Commission received letters from the following companies: National Operator Services, Inc., April 22, 1998; ONCOR Operator Communications, Inc., April 22, 1998; TeleConcepts Inc., April 17, 1998; and Boston Telecommunications Company, April 22, 1998.

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The following comments respond to the issues outlined in the Public Notice and those that have been raised in the letters. Additionally, SNET responds to the specific questions, (2) through (6), in which the Commission seeks comment on rules governing the collection of PICC on payphone lines.

## II. SNET'S RESPONSE TO LETTERS AND QUESTIONS CONCERNING APPLICATION OF PICC

- (1)(a) Letter from John H. Goida, President, Teleconcepts Inc., to A. Richard Metzger, Jr., Chief, Common Carrier Bureau, Federal Communications Commission, April 17, 1998.

Mr. Goida complains that PICCs should not be applied to the 0+ presubscribed carrier. He further suggests that PICCs be applied to the 1+ presubscribed carrier.

SNET charges a single PICC to the Presubscribed Interexchange Carrier (PIC) chosen by a payphone owner.

Although 0+ and 1+ interstate traffic from payphones may be routed to different Interexchange Carriers (IXCs), payphones do not have two interstate PIC choices. SNET accepts a single PIC choice on a "dumb" or "smart" payphone line. The selection is made by the payphone owner who initiates an order for a payphone line and indicates a single PIC. The payphone line is programmed by SNET (via line translations) designating only one PIC. SNET programs this payphone line PIC choice in exactly the same manner in which SNET programs the PIC choice for all its other lines.

Not all PIC networks are equipped to handle 1+ traffic from “dumb” payphones since special coin control signaling capabilities are required. Therefore, it is common for the PIC to route 1+ coin traffic to another IXC which does have this capability. Similarly, some smaller PICs do not have the ability to handle operator traffic. These PICs may also designate another IXC’s trunk group to handle this traffic. These routing designations are made on a Translations Questionnaire (TQ) which accompanies an Access Service Request (ASR). SNET then makes the appropriate routing instructions via translations to the PIC’s “Common Block” in each central office.

For example, the PIC has three options for routing interstate 1+ traffic from “dumb” payphones:

1. It can route 1+ interstate coin traffic over one of its own designated coin control trunk groups;
2. It can route 1+ coin traffic over another interstate carrier’s designated trunk groups; or
3. It can allow 1+ coin traffic to default to AT&T (the designated interstate default in SNET’s Local Access and Transport Area (LATA)).

This routing choice is made on a trunk group or end office basis. All dumb payphone lines PIC’d to a particular IXC in the end office will route 1+ traffic the same way based on the routing instructions from the PIC’s “Common Block”. Likewise, all 0+ calls from dumb payphone lines

PIC'd to a particular IXC will route based on the PIC's "Common Block" instructions. This is also true with the smart phone lines. The routing choice is not made on a per line basis. It does not require any service order input from the payphone owner.

The PIC has the option to change its interstate 0+ or 1+ coin routing at any time by issuing a new ASR and TQ.

- (1)(b) Letter from Larry Kay, National Operator Services, to A. Richard Metzger, Jr., Chief, Common Carrier Bureau, Federal Communications Commission, April 22, 1998.

Mr. Kay asserts that public payphones are unique devices in that unlike business and residential lines, public payphones require both 0+ and 1+ primary interexchange carriers. Mr. Kay claims that LECs are improperly applying PICC rules by charging IXCs on payphones lines and these IXCs pass the charge on to the companies providing 0+ or 1+ service.

As discussed above in SNET's answer to question (1)(a), SNET charges a single PICC to the PIC chosen by the payphone owner in accordance with the rules for interstate access. SNET does not distinguish between 0+ or 1+ service providers in assessing PICCs. Further, SNET disagrees with Mr. Kay that the Commission's access reform order had the unintended consequence of allowing LECs to bill IXCs for payphone lines.

According to 47 C.F.R. §69.153, SNET may recover common line revenues by assessing a charge upon a subscriber's PIC. The only exception is for lines which are not presubscribed; and in these cases, SNET may collect the PICC directly from the end user. Further, §69.153 does not differentiate as to the types of subscriber lines that qualify for this assessment. Public payphone lines have associated loop costs like all other lines.

Additionally, Mr. Kay raises the issue of "dial around" calls which make it difficult for his company to recover revenue to mitigate the PICCs. However, payphones are not uniquely affected by "dial around" options. The only way to address effectively the problem of dial-around traffic on payphone and other lines is to assess the PICC on the end user instead of the PIC. The Commission has already rejected this option.

(1)(c) Letter from Stephen H. Loberbaum, General Counsel, ONCOR Operator Communications, Inc., to A. Richard Metzger, Jr., Chief, Common Carrier Bureau, Federal Communications Commission, April 11, 1998.

Mr. Loberbaum complains that the multiline business line PICC rate of \$2.75 per month is burdensome. He recommends that the single-line business PICC rate should apply

SNET disagrees. The Commission requires that the multiline Subscriber Line Charge (SLC) rate apply to all lines that terminate at

either a SNET or competitive payphone.<sup>3</sup> This application of charges is also consistent with SNET's assessment of SLC charges.

- (1)(d) Letter from William M. Waldron, Boston Telecommunications Company, to Jane Jackson, Chief, Competitive Pricing Division, Common Carrier Bureau, Federal Communications Commission, April 22, 1998.

Mr. Waldron claims that a PICC of \$2.75 per month is adversely affecting his company's monthly income by 24%. Additionally, he claims that the law was inadequately enacted on long distance Operator Services and not on long distance coin services.

As stated above in SNET's response to question (1)(a), SNET does not distinguish between the long distance Operator Service or the long distance coin service when it assesses PICCs. SNET bills the PICCs to the IXC that is designated by the payphone owner as its primary carrier. In regard to the effects on net income, SNET has reduced its per minute Carrier Common Line Charges assessed to carriers on public payphone lines. Carriers are free to pass these reductions on to their customers offsetting PICCs.

The following responds to the additional questions raised by the Commission:

- (2) Does the Commission's existing rule governing collection of the PICC, 47 C.F.R. § 69.153, permit price cap LECs to impose PIC charges for LEC public payphone lines and, if not, whether the rule should be amended to provide explicitly for assessment of PICCs on public payphone lines?

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<sup>3</sup> In the Matter of Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Report and Order, CC Docket No. 96-128 (released September 20, 1996), para. 187

Yes. SNET believes that the current rules permit price cap LECs to impose PICCs for LEC public payphone lines. Further, SNET believes that the current rules are adequate and sees no need for additional rule amendments. Rule 69.153(a) clearly indicates that a PICC may be assessed upon the subscriber's PIC. The only exception is for lines which are not presubscribed; but in that case, the LEC may collect the PICC directly from the end user. Further, there is no logic for not applying PICCs to public payphones lines. These lines, like all others, have associated loop costs as well as a PIC. As stated above in SNET's response to question (1)(d), SNET reduced its per minute Carrier Common Line Charges assessed to carriers on public payphone lines. Carriers are free to pass these reductions on to their customers to offset PICCs.

- (3) Assuming that price cap LECs are permitted to assess PICC charges on public payphone lines, should the PICC be: (a) charged to the presubscribed 1+ carrier; (b) charged to the presubscribed 0+ carrier; (c) imputed to the LEC's payphone unit as an end user; (d) split evenly between the 1+ and 0+ PIC; or (e) prorated among all IXCs that carry calls originating from a particular payphone each month?

SNET does not treat public payphone lines different than any other line for purposes of assessing a PICC. There is no need to distinguish between the 1+ or 0+ presubscribed carrier.

The PICC should be billed to the IXC that is designated by the payphone owner as the PIC. If that PIC, in turn decides to have another IXC handle its 1+ or 0+ traffic, that is simply a business decision of the PIC. The selected PIC must determine whether the financial benefits of

being PIC'd to a specific payphone line are worth the cost of a monthly PICC. It is not reasonable for the LEC providing the payphone line to be a part of this business decision. LECs should not be burdened with the responsibility for measuring traffic from a particular payphone to various IXCs, or allocating PICCs among different IXCs. If a payphone line has no designated PIC, then the PICC should be assessed to the payphone owner.

- (4) Should all public payphones should be charged the multiline business PICC, or should some public payphones, such as those that constitute the only telephone line at a given location, be charged the single-line business PICC?

SNET believes that the multiline business PICC should be charged for all public payphones. To avoid discrimination among payphone providers, the Commission required LECs to apply the multiline SLC rate to all subscriber lines that terminate at both LEC and competitive payphones.<sup>4</sup> Since April 1997, the multiline SLC rate has been assessed to all competitive payphone line subscribers as well as subscribers to SNET-provided payphone lines.

There is no reason why a line should be viewed one way for purposes of assessing SLC charges, and another way for assessing PICCs. To do so would only add to the great amount of industry and customer confusion regarding PICCs and open the door for other seemingly arbitrary line reclassifications.

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<sup>4</sup> Id.



- (5) Do policy reasons, practical considerations, or other factors suggest that price cap LEC's should be permitted to assess PICCs on the LEC's public payphone lines that are different in amount, or collected from a different party, from those assessed on privately-owned payphones?

SNET makes no distinction in assessing PICCs on its public payphone lines and on privately-owned payphones.

The objective of the Telecommunications Act of 1996 ("1996 Act")<sup>5</sup> and the Commission's payphone orders was to establish a regulatory and tariff framework which would ensure the identical treatment of LEC-owned payphones and privately-owned payphones. Any form of distinct PICC charges would be a direct contravention of this objective.

- (6) To what degree could imposition of PICC charges on any of the parties listed in Question (3), above, cause reductions in the availability of public payphone services, increases in rates, or reduction in competition for interstate, interLATA traffic originating from public payphones?

Since the carriers now being assessed a PICC will also be benefiting from offsetting reductions in Carrier Common Line and other interstate access charges, there is no reason the imposition of PICC charges should lead to rate increases, reduced competition, or fewer payphones.

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<sup>5</sup> Pub. L. No. 104-104, 110 Stat. 56 (1996 Act).

### III SUMMARY

SNET is in full compliance with its assessment of PICCs on public payphones and believes that the current rules are sufficient. According to 47 C.F.R. §69.153, SNET may recover common line revenues as permitted under price cap rules by assessing a charge upon a subscriber's PIC. The rule does not suggest a different treatment for payphone lines nor does it make a distinction between SNET's public payphone lines and privately-owned payphone lines. Payphone lines like all access lines have associated loop costs and a PIC. SNET imposes a PICC only upon the PIC of record chosen by the payphone owner.

Respectfully submitted,

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